

ANSA McAL suspends dividend to fund acquisitions



ANSA McAL Group CEO Anthony N Sabga III speaks during the company's 2024 financial report news conference at the group's boardroom in the Tatil building in Port-of-Spain yesterday.
PHOTO BY ROGER JACOB

ANSA McAL Group CEO, Anthony Sabga III, said yesterday the company took the decision to suspend its dividends for three years in order to reallocate capital to fund future acquisitions as well as continue investing in technology and automation to drive efficiencies and optimise supply chains.

Speaking at a news conference yesterday after the ANSA McAL group's official release of its 2024 financial results, Sabga said the company is continuing to pursue a large pipeline of acquisitions, which is "well over a few billion dollars."

He described the acquisition pipeline as critical to the group achieving its Times Two goal of doubling ANSA McAL's size, scale and impact between 2023 and 2027.

"The temporary suspension of dividends basically allows us to fund high-return growth initiatives as opposed to paying dividends," said Sabga.

"This affords the group the financial flexibility, allows us to reduce debt reliance and also strengthens the forward balance sheet, supporting the investments that are in front of us," he added.

The ANSA McAL CEO said the expected outcome of the decision by the ANSA McAL group to redeploy dividends would be a far larger company, with a stronger competitive position and significant market expansion.

"What that comes with would be fundamental share price appreciation, so there is some substantial capital gains that would take place. What that essentially entails is longer term shareholder value.

"When the dividends do resume post 2027, when we have realised our Times Two agenda, we are going to be talking about a far larger dividend, correlating with a far larger earnings stream and more significant cash flows," said Sabga.

The ANSA McAL group paid out \$1.80 per share in dividends in the four-year period 2021 to 2024.

With 176,197,617 shares in issue, that equals \$317.15 million (US\$47 million) a year or \$1.26 billion (US\$188 million) over the four-year period.

In attempting to achieve its Times Two goals, the group has been strengthening its core businesses, which are beverages, chemicals and banking and insurance.

The goals also include expanding the group's business into high-growth sectors, regionally and internationally. Sabga cited as an example of the Times Two-based expansion, ANSA McAL's acquisition of the US-based chlor-alkali producer BleachTech for a purchase price of US\$327 million in November 2024.

Asked whether the group could have maintained some dividend payment and achieve its Times Two goals, Sabga said if the group wants to deliver the outsized growth of Times Two, the board and management of the group decided that the best use of its cash firepower would be to go for growth.

Notwithstanding the country's foreign exchange challenges, Sabga said the ANSA McAL group believes very strongly in the future of T&T and "we continue to see opportunities both in Trinidad and outside of the country."